

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	
for authority to reconcile its 2016 energy optimization)	Case No. U-18335
costs and revenues and to revise surcharges.)	
_____)	

At the October 11, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 30, 2017, Upper Peninsula Power Company (UPPCo) filed its application, with supporting testimony and exhibits, requesting authority to reconcile its energy optimization (EO), now known as energy waste reduction (EWR), plan revenues, and costs for 2016. UPPCo also requested authority to revise its EWR surcharges.

A prehearing conference was held on June 14, 2017, before Administrative Law Judge Martin D. Snider. UPPCo and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. The proposed reconciliation of 2016 energy optimization revenues and costs is approved, and the resulting net underrecovery of \$250,036 through December 31, 2016, inclusive of interest through December 31, 2016, and the prior period roll-in, is approved and shall be reflected as the beginning balance for the 2017 energy waste reduction reconciliation.

C. The proposed revised energy waste reduction surcharges set forth in Attachment 1 to the settlement agreement are approved for service rendered on and after November 1, 2017.

D. Within 30 days of this order, Upper Peninsula Power Company shall file with the Commission tariff sheets substantially similar to Attachment 1 to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of October 11, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN

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UPPER PENINSULA POWER COMPANY)	Case No. U-18335
for authority to reconcile its 2016 energy optimization)	
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SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, 2015 AC, R 792.10431, Upper Peninsula Power Company (“UPPCO”) and the Michigan Public Service Commission Staff (“Staff”) hereby agree as follows:

1. On March 30, 2017, UPPCO filed with the Michigan Public Service Commission (“Commission”) its Application, along with the testimony and exhibits of its witness Gradon Haehnel to, among other things, reconcile its Energy Optimization (“EO”) [now known as Energy Waste Reduction (“EWR”)] plan revenues and costs for the 12-month period ended December 31, 2016.

2. On May 12, 2017, the Commission’s Executive Secretary issued a Notice of Hearing directing UPPCO to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its service area and to intervenors in Case Nos. U-18017. The Commission further directed UPPCO to publish the Notice of Hearing in daily newspapers of general circulation throughout its service area. UPPCO filed with the Commission the requisite affidavit of mailing and proofs of publication on June 6, 2017.

3. On June 14, 2017, Administrative Law Judge Martin Snider presided over a prehearing conference in this matter. Staff entered its Appearance. There were no intervenors.

4. On August 24, 2017, UPPCO filed the Revised Testimony and Exhibits of Gradon Haehnel, and on August 30, 2017, filed 2nd Revised Exhibit A-4.

5. Subsequently, the parties have engaged in settlement discussions and, as a result, have reached agreement on all of the issues in this case. The parties to this settlement agreement agree as follows:

- a. The 2016 payment of \$2,322,238 to the Independent Program Administrator satisfies the requirements of MCL 460.1091(1).
- b. The proposed reconciliation of 2016 EO revenues and payments should be approved by the Commission, and the resulting cumulative underrecovery of \$250,036, including the prior period roll-in and interest through December 31, 2016, shall be reflected as the beginning balance for the 2017 EWR costs and reconciliation.
- c. The proposed revised EWR surcharges incorporated into the tariff sheet attached hereto as Attachment 1, should be approved for service rendered on and after November 1, 2017.

6. All of the signatories are of the opinion that this settlement agreement is reasonable, in the public interest and will aid the expeditious conclusion of this case.

7. This settlement agreement is intended to be a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

8. This settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This settlement agreement does not constitute precedent in any other case or proceeding. Without limiting the generality of the foregoing, this settlement agreement shall not constitute *res judicata* or collateral estoppel as to any issue. Neither the parties to the settlement nor the Commission shall use this settlement agreement or the order approving it, as precedent in any case or proceeding; provided however, reference to Paragraph 4 may be made to enforce or implement the provisions thereof in subsequent proceedings.

9. The parties agree to waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to this proceeding if the Commission approves this settlement agreement without modification.

UPPER PENINSULA POWER COMPANY

**Sherri A.
Wellman**

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = AD O
= MillerCanfield
Date: 2017.09.26 10:45:14 -05'00'

Dated: September 26, 2017

By: _____

Its Attorney

Sherri A. Wellman (P38989)

MILLER, CANFIELD, PADDOCK and STONE, P.L.C.

One Michigan Avenue, Suite 900

Lansing, Michigan 48933

(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: September 26, 2017

By: _____

Its Attorney
Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy.
3rd Floor
Lansing, MI 48917
(517) 284-8140

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UPPER PENINSULA POWER COMPANY

MPSC Vol No 8-ELECTRIC
73.00~~11th~~~~10th~~ Rev. Sheet No. D-

73.00

Replaces ~~10th~~~~9th~~ Rev. Sheet No. D-**D2. ~~Energy Optimization~~Energy Waste Reduction (EOEWR)**
~~EOEWR~~**~~Energy Optimization~~Waste Reduction Surcharge**

This surcharge permits, pursuant to Section 91(4) of 2008 Pa 295, as amended by 2016 PA 342, the adjustment of distribution rates, via the application of an ~~Energy Optimization~~Waste Reduction Surcharge, to allow recovery of the energy ~~optimization-waste reduction~~ alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 Pa 295 as amended in 2016 PA 342.

All customer bills subject to the provisions of this tariff, including any bills rendered under special contract, shall be adjusted by the Energy ~~Optimization~~Waste Reduction Surcharge per kWh or Customer as follows:

<u>Tariff</u>	<u>Energy Charges</u>
R A-1	\$0.0048 <u>0.0051</u> /kWh
R A-2	\$0.0048 <u>0.0051</u> /kWh
R AH-1	\$0.0048 <u>0.0051</u> /kWh

<u>Tariff</u>	<u>Per Month/Meter</u>	<u>Per Day/Meter</u>
R C-1	\$4.15 <u>4.25</u>	\$0.1364 <u>0.1397</u>
R H-1	\$4.15 <u>4.25</u>	\$0.1364 <u>0.1397</u>
RR P-1	\$41.89 <u>42.65</u>	\$1.3772 <u>1.4022</u>
R Cp-U	\$630.54 <u>578.30</u>	\$20.7301 <u>19.0126</u>
R WP-3	\$630.54 <u>578.30</u>	\$20.7301 <u>19.0126</u>
R CP-RR	\$630.54 <u>578.30</u>	\$20.7301 <u>19.0126</u>
R RTMP	\$630.54 <u>578.30</u>	\$20.7301 <u>19.0126</u>
R RTMP-D	\$630.54 <u>578.30</u>	\$20.7301 <u>19.0126</u>
R Special Contract	\$630.54 <u>578.30</u>	\$20.7301 <u>19.0126</u>
R SL-3	\$0.43 <u>0.45</u>	\$0.0141 <u>0.0148</u>
R SL-5	\$0.43 <u>0.45</u>	\$0.0141 <u>0.0148</u>
R SL-6	\$0.43 <u>0.45</u>	\$0.0141 <u>0.0148</u>
R Z-3	\$0.43 <u>0.45</u>	\$0.0141 <u>0.0148</u>
R Z-4	\$0.43 <u>0.45</u>	\$0.0141 <u>0.0148</u>

Issued: ~~10-13-16~~xx-xx-xx
Service

By ~~S-C~~DevonG Haehnel
~~10-1-16~~xx-xx-xx

Director of Regulatory Affairs

Effective for

On and After:

Issued Under Auth. of

Marquette, Michigan

Mich Public Serv Comm
Dated: ~~9-23-16~~xx-xx-xx
In Case No: U-~~18017~~18335